

GST Update

Weekly Update
17.03.2018

- This Presentation covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 10.03.2018. It supplements the earlier GST Updates.
- This presentation is based on CGST Act/Rules/ Notifications. Similar parallel provisions in State Laws may be referred to as required

Notifications and Circulars



- Two Circulars issued.
- Circular clarifying registration/refund in respect of UIN entities
- Circular clarifying exports related refund issues

Refund Claims by UIN entities (UN/Embassies)

- <http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-36-cgst.pdf>.
- Circular No.36/10/2018-GST dated 13.03.2018 issued under Section 168 of CGST Act.
- Clarifies registration and refund claims by entities having UIN.
- UINs are given a special status under the CGST Act as these are not covered under the definition of registered person.
- UINs granted to enable them to take refund of GST paid on supplies received by them

- GST REG-13
 - Application for registration as UIN
- Due to delays in availability of Form GST REG-13 on common portal, alternative mechanism is developed
- UIN entities to approach Protocol Division of Ministry of External Affairs which will facilitate grant of registration in coordination with CBEC and GSTN
- UINs have option of Centralised Registration
 - Facility of single UIN is optional and multiple UIN's can be opted for
 - Central Government will be responsible for all administrative compliances in respect of such entities

Refund claim by UINs

- FORM GSTR-11 (Return of inward supplies) is required to be filed only for those tax periods for which refund is being claimed. In other words, if an UIN entity is not claiming refund for a particular period, it need not file return in FORM GSTR-11 for that period.
- UINs claiming refund shall submit the GSTR-11 along with the refund claim duly filled in FORM RFD-10(Print out) on quarterly basis to the jurisdictional Central Tax Commissionerate. All refund claims shall be processed and sanctioned by respective Central Tax offices

Refund claim by UINs

- A nodal officer has been designated in each State details of whom are given in Annexure A.
- Application for refund claim may be submitted before the designated Central Tax nodal officers in the State in which the UIN has been obtained.
- E Mails as well as phone numbers of all 37 deignated nodal officers are given in the Annexure A to the Circular No. 36 dated 13th March, 2018

- Some multiple UINs existed were later merged into one single UIN.
- In such cases, field formations to process refund claims for earlier unmerged UINs also.
- Hence, the refund application will be made with the single UIN only but invoices of old UINs may be declared in the refund claim, which may be accepted and taken into account while processing the refund claim.

Sanction of refund

- The facility of centralized UIN ensures that irrespective of the type of tax (CGST, SGST, IGST or Cess) and the State where such inward supply of goods or services have been procured, all refunds would be processed by Central authorities only.
- Therefore, field formations are to process claims on merits irrespective of where and which type of tax is paid on inward supply of goods or services or both by such entities.

Format of monthly report

Annexure B

Office of the Commissioner -----

Report for the month of -----

<u>Name of the State</u>	<u>Details of the Entity</u>		<u>Time Period</u>		<u>Name of the State for which refund has been sanctioned</u>	<u>Central Tax</u>	<u>State Tax / UT Tax</u>	<u>Integrated tax</u>	<u>Cess</u>
	<u>Name</u>	<u>UIN</u>	<u>From</u>	<u>To</u>					

Clarification on Export Refund

- <http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-37-cgst.pdf>;
- Circular No.37/11/2018-GST dated 15.03.2018 issued under Section 168 of CGST Act.
- Non availment of Drawback
- Reference to “section 54(3)(ii) of the CGST Act” in circular no.24 dated 21.12.2017 is a typographical error and it should read as “section 54(3)(i) of the CGST Act”.
- a supplier availing of drawback only with respect to basic customs duty shall be eligible for refund of unutilized input tax credit of central tax / State tax / Union territory tax / integrated tax / compensation cess under the said provision.

Amendment through Table 9 of GSTR-1

- If a taxpayer has committed an error while entering the details of an invoice / shipping bill / bill of export in Table 6A or Table 6B of FORM GSTR-1, he can rectify the same in Table 9 of FORM GSTR-1. (Circular No. 26/26/2017 – GST dated 29th December, 2017)
- It is advised that while processing refund claims on account of zero rated supplies, information contained in Table 9 of FORM GSTR-1 of the subsequent tax periods should be taken into cognizance, wherever applicable

Exports without LUT

- In some cases, such zero rated supplies have been made before filing the LUT and refund claims for unutilized input tax credit have been filed.
- The substantive benefits of zero rating may not be denied where it has been established that exports in terms of the relevant provisions have been made. The delay in furnishing of LUT in such cases may be condoned and the facility for export under LUT may be allowed on ex post facto basis taking into account the facts and circumstances of each case.

Exports after specified period

- It is emphasised that exports have been zero rated under the IGST Act, 2017 (IGST Act) and as long as goods have actually been exported even after a period of three months, payment of integrated tax first and claiming refund at a subsequent date should not be insisted upon.
- In such cases, the jurisdictional Commissioner may consider granting extension of time limit for export as provided in the said sub-rule on post facto basis keeping in view the facts and circumstances of each case. **The same principle should be followed in case of export of service**

- Clarified that there can be only one deficiency memo for one refund application and once such a memo has been issued, the applicant is required to file a fresh refund application, manually in FORM GST RFD-01A. This fresh application would be accompanied with the original ARN, debit entry number generated originally and a hard copy of the refund application filed online earlier.
- Once an application has been submitted afresh, pursuant to a deficiency memo, the proper officer will not serve another deficiency memo with respect to the application for the same period, unless the deficiencies pointed out in the original memo remain unrectified, either wholly or partly, or any other substantive deficiency is noticed subsequently

- Some field formations are asking for a self-declaration with every refund claim to the effect that the claimant has not been prosecuted.
- Self declaration already given at the time of availing LUT facility.
- Circular clarifies that this requirement is already satisfied in case of exports under LUT and **asking for self–declaration with every refund claim where the exports have been made under LUT is not warranted.**

Refund of ITC- Inclusion of Transitional Credit in Net ITC

- The transitional credit pertains to duties and taxes paid under the existing laws viz., under Central Excise Act, 1944 and Chapter V of the Finance Act, 1994,
- The same cannot be said to have been availed during the relevant period and thus, cannot be treated as part of 'Net ITC' in the formula given in Rule 89 (4&5) of CGST Rules, 2017 for refund of unutilised ITC

Discrepancy between values of GST invoice and shipping bill/bill of export



- Zero rated supply of goods is effected under the provisions of the GST laws. The value recorded in the GST invoice should normally be the transaction value as determined under section 15 of the CGST Act. The same transaction value should normally be recorded in the corresponding shipping bill / bill of export.
- During the processing of the refund claim, the value of the goods declared in the GST invoice and the value in the corresponding shipping bill / bill of export should be examined and **the lower of the two values should be sanctioned as refund.**

Refund of taxes paid under Existing Laws

- It is observed that certain taxpayers have applied for such refund claims in FORM GST RFD-01A also.
- In this regard, the field formations are advised to reject such applications and pass a rejection order in FORM GST PMT-03 and communicate the same on the common portal in FORM GST RFD-01B.
- Furthermore, it should be ensured that no refund of the amount of CENVAT credit is granted in case the said amount has been transitioned under GST. The field formations are advised to process such refund applications accordingly.
- The procedures laid down under the existing laws viz., Central Excise Act, 1944 and Chapter V of the Finance Act, 1994 read with above referred sub-sections of section 142 of the CGST Act shall be followed while processing such refund claims.

Refund of taxes paid under Existing Laws

- As per section 142(3) of the CGST Act, refunds arising out of such claims(Under existing laws) shall be refunded in cash. Where any claim for refund of CENVAT credit is fully or partially rejected, the amount so rejected shall lapse and therefore, will not be transitioned into GST.
- It should be ensured that no refund of the amount of CENVAT credit is granted in case the said amount has been transitioned under GST.

Filing Frequency of Refunds

- The terms 'Net ITC' and 'turnover of zero rated supply of goods/services' are used in the context of the relevant period in rule 89(4) of CGST Rules. The phrase 'relevant period' has been defined in the said sub-rule as 'the period for which the claim has been filed'
- The exporter, at his option, may file refund claim for one calendar month / quarter or by clubbing successive calendar months / quarters. The calendar month(s) / quarter(s) for which refund claim has been filed, however, cannot spread across different financial years.

BRC/FIRC in respect of Export of Goods

- Realization of convertible foreign exchange is one of the conditions for export of services. In case of export of goods, realization of consideration is not a pre-condition.
- The relevant Bank Realisation Certificates (BRC) or Foreign Inward Remittance Certificates (FIRC) is required only in case of export of services
- Insistence on proof of realization of export proceeds for processing of refund claims related to export of goods has not been envisaged in the law and should not be insisted upon.

Supplies to Merchant Exporters

- Benefit of supplies at concessional rate is subject to certain conditions and the said benefit is optional. The option may or may not be availed by the supplier and / or the recipient and the goods may be procured at the normal applicable tax rate.
- Exporter eligible to avail ITC of 0.1%
- Supplier will be eligible for refund of ITC on account of inverted rate structure
- The exporter of such goods can export the goods only under LUT / bond and cannot export on payment of integrated tax

Documents with refund claims

- For processing of refund claims of input tax credit, verifying the invoice details is quintessential. In a completely electronic environment, the information of the recipients' invoices would be dependent upon the suppliers' information, thus putting an in-built check-and-balance in the system.
- However, as the refund claims are being filed by the recipient in a semi-electronic environment and is completely based on the information provided by them, it is necessary that invoices are scrutinized.

Type of Refund	Documents
Export of Services with payment of tax (Refund of IGST paid on export of services)	<ul style="list-style-type: none"> • Copy of FORM RFD-01A filed on common portal • Copy of Statement 2 of FORM RFD-01A • Invoices w.r.t. input, input services and capital goods • BRC/FIRC for export of services • Undertaking / Declaration in FORM RFD-01A
Export (goods or services) without payment of tax (Refund of accumulated ITC of IGST / CGST / SGST / UTGST / Cess)	<ul style="list-style-type: none"> • Copy of FORM RFD-01A filed on common portal • Copy of Statement 3A of FORM RFD-01A generated on common portal • Copy of Statement 3 of FORM RFD-01A • Invoices w.r.t. input and input services • BRC/FIRC for export of services • Undertaking / Declaration in FORM RFD-01A



GST Portal Updates

Suo-moto Cancellation by officials(Model-II States) of registration for Normal Taxpayer

- Facility for Suo Moto Cancellation of registration by the Tax Official, has been enabled on GST Portal.
- This process of cancellation could be initiated by tax official, if registered person has contravened such provisions of the act or the rules made thereunder as may be prescribed or Composition person has not furnished returns for three consecutive tax periods or in other cases as mentioned in Section 29 of the CGST Act, 2017.
- *API for Model I States/ CBEC will be released soon.*



REFUND ON ACCOUNT OF SUPPLIES MADE TO SEZ UNIT/ SEZ DEVELOPER (WITHOUT PAYMENT OF TAX)

Q. When / how will the refund form RFD-01A be processed?

A. Once the ARN is generated on submission of form RFD-01A, the Taxpayer needs to take print of the filed application and the Refund ARN Receipt generated at the portal, and submit the same along with supporting documents to the jurisdictional authority manually. The application will also be processed and refund will be disbursed manually.

<https://tutorial.gst.gov.in/userguide/refund/index.htm>

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REFUND ON ACCOUNT OF SUPPLIES MADE TO SEZ UNIT/ SEZ DEVELOPER (WITHOUT PAYMENT OF TAX)

Q. Can I file multiple refund applications during a single tax period?

A. Only one Refund application (form RFD-01A) can be filed for each Refund type in a given tax period. For example, a Taxpayer may choose to file the refund on account of supplies made to SEZ unit / SEZ developer (without payment of tax), as well as on account of being a recipient of deemed exports for the single tax period. However, the Taxpayer cannot file two refund applications for supplies made to SEZ unit / SEZ developer (without payment of tax) during a single tax period.

<https://tutorial.gst.gov.in/userguide/refund/index.htm>

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Any ISSUES/ queries?



- <https://cbec-gst.gov.in/>
- [CBEC MITRA HELPDESK](#)
 - 1800 1200 232
 - cbecmitra.helpdesk@icegate.gov.in
- GSTN Help Desk
 - <https://selfservice.gstsystem.in/> - Grievance redressal portal
 - Help Desk Number: 0120-4888999

Any ISSUES/ queries?

- Twitter Handles
- For General Questions
- https://twitter.com/askGST_GoI
- For technology related issues
- <https://twitter.com/askGSTech>
- NACIN twitter
- https://twitter.com/NACIN_OFFICIAL

THANK YOU